

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 17, 1983

In the opinion of bond counsel, interest on the Series A Bonds is exempt from federal income taxes (except to the extent that interest may be taxable on any Bonds held by a substantial user or a related person of the facilities financed from the proceeds of the Bonds within the meaning of Section 103(b) of the Internal Revenue Code) and from State of California personal income taxes under existing statutes, regulations and court decisions.

INSTITUTE OF GOVERNMENTAL
STUDIES LIBRARY

AUG 30 1983

CITY OF UKIAH

\$18,000,000

ELECTRIC REVENUE BONDS

UNIVERSITY OF CALIFORNIA

SERIES A

The Bonds are special obligations of the City, and are payable from the Net Revenues and the Net Distribution Income (as those terms are defined in the Resolution), together with all income from the investment of any moneys of the enterprise.

\$5,995,000 SERIAL BONDS

Principal Amount	Due June 1	Interest Rate	Price or Yield	Principal Amount	Due June 1	Interest Rate	Price or Yield
		%	%			%	%
\$ 60,000	1985			\$205,000	1997		
65,000	1986			230,000	1998		
70,000	1987			255,000	1999		
80,000	1988			280,000	2000		
90,000	1989			310,000	2001		
100,000	1990			345,000	2002		
110,000	1991			385,000	2003		
120,000	1992			425,000	2004		
135,000	1993			475,000	2005		
150,000	1994			525,000	2006		
165,000	1995			585,000	2007		
185,000	1996			645,000	2008		

\$12,005,000 ... % TERM BONDS DUE JUNE 1, 2018 AT ... % YIELD OR PRICE

Accrued interest from September 1, 1983 is to be added to the above prices. Interest on the Bonds is payable on June 1, 1984, and thereafter semiannually on December 1 and June 1 at the principal office of Bank of America N.T. & S.A., San Francisco, California.

The Series A Bonds are subject to redemption, as a whole or in part at any time on and after June 1, 1994, as set forth herein.

Certain legal matters incident to the authorization, sale and issuance of the Series A Bonds are subject to the approval of Orrick, Herrington & Sutcliffe, A Professional Corporation, bond counsel, San Francisco, California. It is expected that the Bonds in definitive form will be available for delivery on or about October 1, 1983.

Sealed proposals may be submitted to the City at the offices of Rauscher Pierce Refsnes, Inc. Public Finance-California Division, Suite 2750, Number One California Street, San Francisco, California, until 10:00 A.M., California time, on Wednesday, September 7, 1983.

THE CITY OF UKIAH HAS PREPARED THIS PRELIMINARY OFFICIAL STATEMENT AND HAS APPROVED THE FURNISHING OF COPIES THEREOF TO PROSPECTIVE BIDDERS FOR THE SERIES A BONDS HEREIN DESCRIBED. UPON AWARD OF SUCH BONDS, THE CITY WILL MAKE ANY MODIFICATIONS HEREIN THAT ARE NECESSARY TO REFLECT THE EFFECT OF THE PROPOSAL OF THE SUCCESSFUL BIDDER. THIS PRELIMINARY OFFICIAL STATEMENT AND THE INFORMATION CONTAINED HEREIN ARE SUBJECT TO COMPLETION AND AMENDMENT IN ALL RESPECTS WITHOUT NOTICE. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE OFFICIAL STATEMENT IS DELIVERED IN FINAL FORM. UNDER NO CIRCUMSTANCES SHALL THIS PRELIMINARY OFFICIAL STATEMENT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SERIES A BONDS.

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CITY OF UKIAH

\$18,000,000

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CITY OF UKIAH
Mendocino County, California

CITY COUNCIL MEMBERS

Michael Kelley, <i>Mayor</i>	Hays Hickey
Marilyn Dickens	Charles G. Myers
Theodor S. K. Feibusch	

CITY STAFF

D. Kent Payne, <i>City Manager</i>	Hattie M. Tillotson, <i>City Clerk</i>
David Rapport, <i>City Attorney</i>	G. R. Brosig, <i>Director of Finance</i>
A. S. Kruth, <i>Director of Public Works</i>	

SPECIAL SERVICES

Orrick, Herrington & Sutcliffe, A Professional Corporation, *San Francisco*

BOND COUNSEL

Rauscher Pierce Refsnes, Inc. Public Finance—California Division, *San Francisco*

FINANCING CONSULTANTS

Bank of America N.T. & S.A., *San Francisco*

FISCAL AGENT

Tudor Engineering Company, *San Francisco*

CONSULTING ENGINEERS

THE DATE OF THIS OFFICIAL STATEMENT IS AUGUST 17, 1983

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THE CITY OF UKIAH

City Hall
203 South School Street
Ukiah, CA 95482

August 17, 1983

TO WHOM IT MAY CONCERN:

The purpose of this Official Statement is to supply information to prospective bidders on and buyers of \$18,000,000 City of Ukiah Electric Revenue Bonds, Series A (the "Bonds"), authorized and issued for the purpose of assisting in the financing of the Project, paying of expenses in connection with issuance, and providing reserve funds as additional security for the Bonds.

The material contained in this Official Statement was prepared by Rauscher Pierce Refsnes, Inc. Public Finance—California Division, in the capacity of financing consultant to the City of Ukiah (the "City") with regard to the Bonds and the firm will receive compensation from the City contingent upon the sale and delivery of the Bonds. Summaries herein presented of the Resolution of Issuance, other documents or agreements pertaining to the Project, and financial and economic data do not purport to be complete, and reference is made to the documents on file in the office of the City for further information. Statements which involve estimates or opinions, whether or not expressly so described herein, are intended solely as such and are not to be construed as factual reports. The information contained herein has been obtained from sources believed to be reliable, but its accuracy is not guaranteed.

The Official Statement does not constitute a contract with buyers or holders, from time to time, of the Bonds. The Resolution of Issuance, which does constitute such a contract, accompanies the Official Statement.

A legal opinion approving the validity of the Bonds will be furnished by Orrick, Herrington & Sutcliffe, A Professional Corporation, San Francisco, California, Bond Counsel to the City and such Counsel will receive compensation from the City partially contingent upon the sale and delivery of the Bonds.

The City will deliver to the purchaser of the Bonds a certificate, signed by an officer of the City, confirming to the purchaser that, to the best of the knowledge of said officer, the final Official Statement, as of the date of sale of the Bonds and as of the date of delivery thereof, did not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, and authorizing the purchaser of the Bonds to distribute copies of the Official Statement in connection with the resale of the Bonds. The City will supply 300 copies of the Official Statement to the purchaser of the Bonds for this purpose.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The execution and distribution of this Official Statement have been duly authorized by the City.

THE CITY OF UKIAH

MICHAEL KELLEY

Mayor

INTRODUCTION

In June, 1982, the electorate of the City of Ukiah approved the issuance of a maximum of \$23,000,000 of City of Ukiah Electric Revenue Bonds, payable from the net revenues derived from the operation of the City's municipally-owned and operated electric utility system. The election was held, and bonds are to be issued, in accordance with the Revenue Bond Law of 1941.

Since the time of the election, further engineering studies and financial analyses have determined that the estimated costs of the project, as contemplated, can be met by the issuance of a principal amount of \$18,000,000 Series A Bonds, to be offered for sale on September 7, 1983.

The proceeds of the Series A bonds are to be utilized in two principal areas. The major construction project is the Lake Mendocino Power Project consisting of, among other items, a 3.5 megawatt hydroelectric power plant containing two turbine-generator units and appropriate penstocks in conjunction with the existing Corps of Engineers Coyote Dam located with Lake Mendocino on the East Fork of the Russian River about 3.2 miles northeast of Ukiah.

The second use of bond proceeds is for the construction of a new 115 kV-12kV substation, referred to as the "Gobbi Substation", for the purpose of more adequately handling incoming purchased power. Both of the projects are explained in greater detail in the section of the Official Statement entitled "The Project".

The City of Ukiah has owned and operated its own electric utility system for 86 years, and as such is one of the oldest municipally-owned systems in the State of California.

The City presently purchases all of its electrical energy from external sources and is supplied directly for its own redistribution by Pacific Gas and Electric Company. As the City has grown, and its annual power consumption increases, there has come a need for an assured source of electric energy at as low a cost factor as can be obtained. At the present time, the City purchases electric energy from, and is entitled to an allocation of 6 MW from the United States Department of Energy Western Area Power Administration Central Valley Project (WAPA).

Since the inception of the planning of the Lake Mendocino Power Project, the City has entered into an amendatory agreement with WAPA, whereby upon startup of the project, with its 3.5 MW capacity, WAPA will allocate to the City an additional 2.5 MW of CVP electric energy, bringing the total allocation to 8.5 MW at rates projected to be lower than would be available through other sources. It is therefore anticipated that annual costs of operation of the electric utility will ultimately be reduced from those that would have occurred had the Lake Mendocino generating facilities not been put into operation and allowed the additional 2.5 MW allocation at lower costs.

The average annual bond service of the Series A bonds after operation date of the project is estimated to be approximately \$2,106,000. Projected revenues and expenses of the electric utility for the first full year of operation after construction (1985/86) indicate net revenues available for bond service of \$2,675,000, or a coverage factor of 1.27 times average annual bond service.

THE BONDS

Authority for Issuance

The \$18,000,000 City of Ukiah Electric Revenue Bonds, Series A issue currently being offered for sale is issued in accordance with Resolution No. 84-10 (the "Resolution") and a supplemental resolution of the City, Resolution No. 84-11, (the "First Supplemental Resolution") adopted by the Council on August 17, 1983. Copies of both Resolutions accompany this official statement.

The Bonds will be issued pursuant to and in conformity with the Revenue Bond Law of 1941, Chapter 6, Part 1, Division 2, Title 5 of the California Government Code, commencing with Section 54300. No additional series of Bonds are anticipated to be issued by the City for a period of at least one year.

Sale of Series A Bonds

Bids for the purchase of the Series A Bonds will be received on behalf of the City until 10:00 a.m., Wednesday, September 7, 1983 at the offices of Rauscher Pierce Refsnes, Inc. Public Finance—Cal-

ifornia Division, Suite 2750, One California Street, San Francisco, California 94111. Details as to the terms and place of sale, closing documents and other information are contained in the Official Notice of Sale adopted August 17, 1983, a copy of which is included with this Official Statement.

Description of the Series A Bonds

The Series A Bonds will be dated as of September 1, 1983, and will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof. Interest on the Series A Bonds is payable semiannually on June 1 and December 1 of each year, commencing June 1, 1984. Principal of, and interest on the Series A Bonds are payable at the San Francisco principal corporate trust office of Bank of America NT & SA, Corporate Agency Division, San Francisco, California (the "Fiscal Agent"). Principal of the Series A Bonds matures on June 1 in the amounts and in the years shown in the accompanying Maturity Schedule.

SCHEDULE OF BOND MATURITIES

Year	Principal Amount	Year	Principal Amount
1985	\$ 60,000	1998	\$ 230,000
1986	65,000	1999	255,000
1987	70,000	2000	280,000
1988	80,000	2001	310,000
1989	90,000	2002	345,000
1990	100,000	2003	385,000
1991	110,000	2004	425,000
1992	120,000	2005	475,000
1993	135,000	2006	525,000
1994	150,000	2007	585,000
1995	165,000	2008	645,000
1996	185,000	2018	12,005,000
1997	205,000		

The \$12,005,000 principal amount of Series A term Bonds due June 1, 2018 will be entitled to

Series A Sinking Fund payments in the amounts and on June 1 of the years shown below.

SCHEDULE OF MINIMUM SINKING FUND PAYMENTS

Year	Minimum Sinking Fund Payment	Year	Minimum Sinking Fund Payment
2009	\$ 720,000	2014	\$1,210,000
2010	795,000	2015	1,345,000
2011	885,000	2016	1,490,000
2012	980,000	2017	1,655,000
2013	1,090,000	2018	1,835,000

All money in the Series A Sinking Fund Account shall be used and withdrawn by the Fiscal Agent at any time, upon the written request of the City, for the purchase of Series A term Bonds maturing on June 1, 2018 at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as it may in its discretion determine, but not to exceed the principal amount of such Series A term Bonds, and all Series A term Bonds so purchased, shall be cancelled. All money in the Series A Sinking Fund Account on June 1 of each year, beginning on June 1, 2009, shall be used and withdrawn by the Fiscal Agent on such June 1 for the mandatory redemption or payment of Series A term Bonds maturing on June 1, 2018, and the City agrees to call and redeem in accordance with Article IV of the Resolution or pay Series A term Bonds maturing on June 1, 2018 from sinking fund payments deposited in the Series A Sinking Fund Account whenever June 1 of any year, beginning on June 1, 2009, there is money in the Series A Sinking Fund Account available for such purpose.

Redemption Provisions

Bonds of Series A maturing on or before June 1, 1994 shall not be subject to redemption prior to their respective stated maturities.

Series A term Bonds are subject to mandatory redemption prior to their maturity date on any June 1 on or after June 1, 2009 in part solely from sinking fund payments deposited in the Series A Sinking Fund Account, upon published notice as provided in the Resolution, at the principal amount

thereof and accrued interest thereon to the date of redemption. Series A Bonds maturing by their terms on or after June 1, 1995 are subject to redemption prior to their respective maturity dates, at the option of the City, as a whole on any date on or after June 1, 1994 or in part on any interest payment date on or after June 1, 1994, from funds derived by the City from any source other than sinking fund payments, upon published notice as provided in the Resolution, at the following redemption prices (computed upon the principal amount of Series A Bonds or portions thereof called for redemption) together with accrued interest to the date of redemption:

103% if redeemed prior to June 1, 1995;

102½ % if redeemed thereafter and prior to June 1, 1996;

102% if redeemed thereafter and prior to June 1, 1997;

101½ % if redeemed thereafter and prior to June 1, 1998;

101% if redeemed thereafter and prior to June 1, 1999;

100½ % if redeemed thereafter and prior to June 1, 2000; and

100% if redeemed thereafter and prior to maturity.

Form, Denomination and Registration

The Series A Bonds will be issued only as fully registered bonds in the denomination of multiples of \$5,000. Bonds may be exchanged for fully registered bonds of authorized denominations for a fee of not to exceed \$5.00 per bond at the principal office of the Fiscal Agent in San Francisco, California.

Legal Opinion

The legal opinion of Orrick, Herrington, & Sutcliffe, A Professional Corporation, San Francisco, California, bond counsel for the City, approving the validity of the Series A Bonds, will be supplied free of charge to the original purchasers. A copy of the legal opinion, certified by the official in whose office the original is filed, will be printed on each bond.

Tax Exempt Status

In the opinion of Orrick, Herrington, & Sutcliffe, A Professional Corporation, interest on the Bonds is exempt from federal income taxes (except to the extent that interest may be taxable on any Bonds held by a substantial user or a related person of the facilities financed from the proceeds of the Bonds within the meaning of Section 103(b) of the Internal Revenue Code) under existing laws, regulations and court decisions and from State of California personal income taxes.

Certificate

At the time of delivery of the Series A Bonds, the purchaser will receive a certificate, signed by an officer of the City, confirming to the purchaser that, to the best of the knowledge of said officer, the final Official Statement, as of the date of sale of the Series A Bonds, and as of the date of delivery thereof, did not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made not misleading.

Fiscal Agent

The San Francisco main office of Bank of America National Trust and Savings Association is appointed Fiscal Agent for the City under the terms of the Resolution. The City receives all the revenues pledged to the security of the Bonds and allocates these revenues to funds held by the Fiscal Agent in strict accordance with the terms of the Resolution.

Purpose

The proceeds from the sale of the Bonds will be used to finance design and construction of improvements to the City's existing electric utility system, as detailed in the section of this official statement entitled "The Project".

Security

Bond principal and interest are payable from and secured by a first lien on the Net Revenues of the

Enterprise and the Net Distribution Income (as those terms are defined in the Resolution). Revenues include all income, receipts, or revenues derived from the operation of the Enterprise or arising out of the Enterprise or in any way incidental to the Enterprise, including interest on investment of reserve funds. The term "Net Revenues" means Revenues in any fiscal year less the Maintenance and Operation Costs of the Enterprise during such Fiscal Year.

Disposition of Proceeds of Sale of Series A Bonds.

Upon the receipt of payment for the Series A Bonds, the Fiscal Agent shall set aside and deposit or cause to be deposited the proceeds of sale of the Series A Bonds in the following respective accounts:

(a) In the Interest Account a sum equal to the amount of interest accruing on the Series A Bonds to and including June 1, 1985, which sum shall be used for the payment of interest accruing on the Series A Bonds to and including June 1, 1985.

(b) In the Bond Reserve Account a sum equal to the Maximum Annual Debt Service.

(c) The Fiscal Agent shall transfer the remainder of the proceeds of sale of the Series A Bonds to the Treasurer of the City who shall deposit such proceeds in a separate account in the Acquisition and Construction Fund, known as the "1983 Electric Project Account" and which account the City agrees to maintain until the completion of the acquisition and construction of the 1983 Electric Project. The money in the 1983 Electric Project Account shall be used and disbursed in the manner provided by law for the purpose of paying the Costs of Acquisition and Construction of the 1983 Electric Project. Any balance of money remaining in the 1983 Electric Project Account after the completion of the acquisition and construction of the 1983 Electric Project shall be transferred by the Treasurer of the City to the Fiscal Agent and shall be deposited by the Fiscal Agent in the Interest Account.

Revenue Fund

Resolution No. 84-10 provides for the establishment of the "City of Ukiah Electric Revenue Fund" (the "Revenue Fund") into which all Revenues (as that term is defined in the Resolution) together with interest earned thereon, shall be deposited and held in trust. Such Revenues shall be disbursed only as provided in Resolution No. 84-10; and shall be accounted for separately from all other moneys of the City.

Deposit and Application of Revenues

Section 5.03 of Resolution No. 84-10 establishes five special accounts within the Revenue Fund, into which deposits must be made in the following order of priority:

(1) *Maintenance and Operation Account.* On the date of issuance of the Series A Bonds, the City shall, from other available funds of the City, deposit in the Maintenance and Operation Account a sum at least equal to the amount required by the City for the payment of budgeted Maintenance and Operation Costs of the Enterprise during the period commencing on such date and continuing through the last day of the current month, and thereafter, on or before the first day of each month, the City shall, from money in the Revenue Fund, deposit in the Maintenance and Operation Account a sum equal to the amount required by the City for the payment of budgeted Maintenance and Operation Costs of the Enterprise during such month. If no budget has yet been prepared for such month, such deposit shall be of a sum equal to the amount expended by the City for the payment of Maintenance and Operation Costs of the Enterprise for the same calendar month in the immediately preceding year. Money in the Maintenance and Operation Account shall be used only to pay Maintenance and Operation Costs of the Enterprise as they become due and payable.

(2) *Interest Account.* On or before the first day of each May and November, the City shall, from money in the Revenue Fund and from the Net Distribution Income, deposit with the Fiscal Agent in the Interest Account an amount of money equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds on the next succeeding interest payment date.

No deposit need be made into the Interest Account if the amount of money contained therein is at least equal to the interest to become due on the next interest payment date upon all Outstanding Bonds.

All money in the Interest Account shall be used and withdrawn by the Fiscal Agent solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

(3) *Principal Account.* On or before the first day of each May and November, the City shall, from the money in the Revenue Fund and from the Net Distribution Income, deposit with the Fiscal Agent in the Principal Account an amount of money equal to (a) one-half ($\frac{1}{2}$) of the aggregate amount of principal becoming due and payable on the outstanding serial Bonds on the next succeeding June 1, plus (b) one-half ($\frac{1}{2}$) of the aggregate amount of the minimum annual sinking fund account payments required by all Supplemental Resolutions to be made during the year ending on the next succeeding June 1 into the respective sinking fund accounts for all term Bonds for which sinking fund accounts shall have been established, all of which sinking fund account payments shall be made without priority of any sinking fund account payment into any one sinking fund account over any other sinking fund account payment into any other sinking fund account. In the event that there shall be insufficient money to make in full all such principal payments and sinking fund account payments required to be made at any one time, then such money shall be applied pro rata to the making of such principal payments and such sinking fund account payments in that proportion which such principal payments and sinking fund account payments bear to each other.

No deposit need to be made into the Principal Account if the amount of money contained therein is at least equal to the principal of all outstanding Serial Bonds maturing by their terms on the next succeeding June 1 plus the aggregate of all minimum annual sinking fund account payments required to be made during the year ending on the next succeeding June 1.

All money in the Principal Account shall be used and withdrawn by the Fiscal Agent solely for the purpose of paying the principal of and redemption premiums, if any, on the Bonds as they shall become due and payable, except that any money in any sinking fund account shall be used and withdrawn by the Fiscal Agent only to purchase or to redeem term Bonds for which such sinking fund account was created as provided in any Supplemental Resolution.

(4) *Bond Reserve Account.* On or before the first day of each May or November, the City shall, from money in the Revenue Fund and from the Net Distribution Income, deposit with the Fis-

cal Agent in the Bond Reserve Account such amount of money as shall be required to restore the Bond Reserve Account to a sum equal to the Maximum Annual Debt Service on all Outstanding Bonds.

No deposit need be made into the Bond Reserve Account if the amount of money contained therein is at least equal to the amount of money required by this paragraph to be on deposit therein.

If on any June 1 the amount of money in the Bond Reserve Account exceeds the amount of money required by the above paragraph to be on deposit therein and if the City is not then in default hereunder, the Fiscal Agent shall withdraw the amount of any such excess from such account and shall pay such amount to the City for deposit in the Surplus Account. Except for such withdrawals, all money in the Bond Reserve Account shall be used and withdrawn by the Fiscal Agent solely for the purpose of replenishing the Interest Account or the Principal Account, in such order, in the event of any deficiency in either of such accounts, or for the purpose of paying the interest on or principal of or redemption premiums, if any, on the Bonds in the event that no other money of the City is available therefor.

(5) *Surplus Account.* All money remaining in the Revenue Fund on June 1 of each year, after withdrawing all of the sums required to be withdrawn therefrom by the City by the provisions of the Resolution shall be deposited by the City in the Surplus Account. Money in the Surplus Account shall be used as and when needed to eliminate any deficiency which may exist at any time in any of the accounts established by the Resolution and may be expended by the City at any time to pay Maintenance and Operation Costs of the Enterprise or to pay costs of acquisition and construction of any additions, betterments, extensions or improvements to the Enterprise. On the May 31 following each such June 1 deposit into the Surplus Account, any balance remaining therein shall be withdrawn therefrom and transferred to the City for expenditure for any lawful purpose of the City.

Establishment of Rates, Fees and Charges

The City covenants and agrees that so long as any bonds are outstanding it will fix and maintain fees,

rates, and other charges for electric service which will produce annual Net Revenues and Net Distribution Income equal to at least 1.25 times the annual bond interest and principal requirements of all outstanding electric revenue bonds and all parity electric revenue bonds which may be sold in the future.

Additional Bonds

Additional bonds may be issued only on a parity with these bonds, subject to the limitations imposed by Resolution No. 84-10. The limitations imposed are summarized as follows:

1. The City must be in compliance with all covenants of the Resolutions, and a certificate to that effect must have been filed with the Fiscal Agent.

2. Proceeds of additional bonds are to be applied solely for purposes of improvements and additions to the Enterprise or for refunding outstanding bonds.

3. Additional bonds are to mature on June 1, and interest is to be paid on June 1 and December 1.

4. An additional amount is to be deposited in the Bond Reserve Account so that its balance will be equal to the maximum annual debt service on all bonds and additional bonds outstanding after sale of the additional bonds.

5. The Net Revenues for any period of twelve (12) consecutive calendar months within the twenty-four (24) calendar month period next preceding the date of the adoption by the Council of the Supplemental Resolution authorizing the issuance of such Series of Bonds, as shown by an Accountant's Report on file with the Fiscal Agent; plus

- (i) an allowance for Net Revenue that would have been derived from each addition, betterment, extension or improvement to the Enterprise which was acquired and constructed prior to the adoption of such Supplemental Resolution but which, during all or any part of such twelve-month period, was not in existence, in an amount equal to the estimated additional Net Revenues that would have been derived from each such addition, betterment, extension or improvement if it had been acquired and constructed prior to the beginning of such twelve-month period, as shown by an Engineer's Report on file with the Fiscal Agent; and

(ii) an allowance for Net Revenues that would have been derived from any increase in the rates, fees and charges fixed and prescribed for the electric generation and transmission service provided by the Enterprise which became effective prior to the adoption of such Supplemental Resolution but which, during all or any part of such twelve-month period, was not in effect, in an amount equal to the estimated additional Net Revenues that would have been derived from such increases in rates, fees and charges if it had been in effect prior to the beginning of such twelve-month period, as shown by an Engineer's Report on file with the Fiscal Agent;

shall have produced a sum equal to at least one hundred twenty-five per cent (125%) of the Maximum Annual Debt Service on all then outstanding Bonds and such series of Bonds.

Additional Covenants

In addition to those described above, the Resolutions include additional covenants of the City, including the following:

1. The City will punctually pay or cause to be paid all principal and interest on the Bonds as it becomes due.

2. The City will not make any pledge of or otherwise encumber the Enterprise or any revenues except as provided in the Resolutions.

3. The City will not sell, lease, or otherwise dispose of the Enterprise or any part of it essential to its proper operation or to the maintenance of the revenues. The City will not enter into any lease or agreement which impairs the operation of the Enterprise or any part necessary to secure adequate revenues or which would otherwise impair the rights of holders of the Bonds. Property which has become non-operative or which is not needed for the Enterprise may be sold without consent of the bondholders if such sale will not

reduce revenues and if the net proceeds are deposited in the Revenue Fund.

4. The City will maintain the Enterprise in good repair and working order at all times and will operate the Enterprise in an efficient and economical manner.

5. The City will pay and discharge all lawful claims for labor, material, or supplies which, if unpaid, might become a lien on revenues.

6. The City will maintain insurance on the Enterprise against such risks as are usually insurable in connection with similar enterprises. The City will secure and maintain adequate fidelity insurance on all officers and employees handling or responsible for any revenues or funds of the Enterprise.

7. The City will maintain proper books and records and make them subject to inspection by the Fiscal Agent or by the holders of the bonds. The City will prepare and file with the Fiscal Agent annually within 120 days after the close of each fiscal year a detailed statement of revenues, disbursements from revenues, and all expenditures, together with a detailed balance sheet, all as applicable to the prior fiscal year and accompanied by a certificate of an independent public accountant. The City annual report is also to include a schedule of applicable rates and a general statement of the physical condition of the Enterprise. Copies of the summary statement will be furnished to the Fiscal Agent and to any bondholder upon request.

8. The City will protect and defend the security of the Bonds and the rights of the bondholders against all claims and demands.

9. The City will not acquire, construct, operate or maintain any competitive system.

10. The City will not invest the proceeds of the Bonds in such a manner which would result in the Bonds being taxable "arbitrage bonds" within the meaning of section 103(c) Internal Revenue Code of 1954, as amended.

Table 1

CITY OF UKIAH—Electric Revenue Bonds, Series A

Estimated Annual Bond Service

Year Ending June 1	Bonds Outstanding	Principal Maturing or Redeemed June 1	Annual Interest Estimated at 11.5%	Estimated Annual Bond Service
1984	\$18,000,000	\$ —	\$ 1,552,500 ^①	\$ 1,552,500
1985	18,000,000	60,000	2,070,000 ^①	2,130,000
1986	17,940,000	65,000	2,063,100	2,128,100
1987	17,875,000	70,000	2,055,625	2,125,625
1988	17,805,000	80,000	2,047,575	2,127,575
1989	17,775,000	90,000	2,038,375	2,128,375
1990	17,635,000	100,000	2,028,025	2,128,025
1991	17,535,000	110,000	2,016,525	2,126,525
1992	17,425,000	120,000	2,003,875	2,123,875
1993	17,305,000	135,000	1,990,075	2,125,075
1994	17,170,000	150,000	1,974,550	2,124,550
1995	17,020,000	165,000 ^②	1,957,300	2,122,300
1996	16,855,000	185,000 ^②	1,938,325	2,123,325
1997	16,670,000	205,000 ^②	1,917,050	2,122,050
1998	16,465,000	230,000 ^②	1,893,475	2,123,475
1999	16,235,000	255,000 ^②	1,867,025	2,122,025
2000	15,980,000	280,000 ^②	1,837,700	2,117,700
2001	15,700,000	310,000 ^②	1,805,500	2,115,500
2002	15,390,000	345,000 ^②	1,769,850	2,114,850
2003	15,045,000	385,000 ^②	1,730,000	2,115,175
2004	14,660,000	425,000 ^②	1,685,900	2,110,900
2005	14,235,000	475,000 ^②	1,637,025	2,112,025
2006	13,760,000	525,000 ^②	1,582,400	2,107,400
2007	13,235,000	585,000 ^②	1,522,025	2,107,025
2008	12,650,000	645,000 ^②	1,454,750	2,099,750
2009	12,005,000	720,000 ^②	1,380,575	2,100,575
2010	11,285,000	795,000 ^②	1,297,775	2,092,775
2011	10,490,000	885,000 ^②	1,206,350	2,091,350
2012	9,605,000	980,000 ^②	1,104,575	2,084,575
2013	8,625,000	1,090,000 ^②	991,875	2,081,875
2014	7,535,000	1,210,000 ^②	866,525	2,076,525
2015	6,325,000	1,345,000 ^②	727,375	2,072,375
2016	4,980,000	1,490,000 ^②	572,700	2,062,700
2017	3,490,000	1,655,000 ^②	401,350	2,056,350
2018	1,835,000	1,835,000 ^②	211,025	2,046,025
		<u>\$18,000,000</u>	<u>\$55,198,850</u>	<u>\$73,198,850</u>

① Payable from Bond proceeds.

② Callable on or after June 1, 1994.

THE ELECTRIC UTILITY ENTERPRISE AND ITS OPERATION

The City of Ukiah has owned and operated its own electric utility system for 86 years, and as such is one of the oldest municipally-owned systems in the State of California.

The system is presently comprised of electrical distribution and its appurtenances including substations and both overhead and underground lines.

Electrical energy is purchased by the City from external sources and is supplied directly by Pacific Gas and Electric Company for redistribution by the City. At the present time, the City also purchases electric energy from, and is entitled to an allocation of 6 MW from the United States Department of

Energy Western Area Power Administration Central Valley Project.

The City's retail electric service charges have historically remained below those of PG&E service for similar service in a comparable area. The City's quite extensive and comprehensive rate schedule is available through the City offices, and for illustrative purposes, the following summation characterizes monthly residential usage of 500 KWH and 1,000 KWH with the resultant average monthly charge for such service.

The second table on this page summarizes statistical data of the system for the past five fiscal years.

CITY OF UKIAH

Representative Historical Residential Monthly Electric Service Charges

Residential Electric Energy Usage	Monthly Charge				
	1979	1980	1981	1982	1983
500 KWH	\$19.54	\$18.78	\$26.38	\$ 40.79	\$30.31
1,000 KWH	41.29	39.35	67.06	102.89	74.26

CITY OF UKIAH

Electric Utility Enterprise

Historical Statistical Data

	Fiscal Year				
	1978/79	1979/80	1980/81	1981/82	1982/83
Number of Residential Accounts	4,700	4,754	4,797	4,898	4,927
Number of Commercial Accounts	1,062	1,092	1,111	1,118	1,138
Number of Other	55	61	62	60	61
Total Accounts	5,817	5,907	5,970	6,076	6,126
Kilowatt Hours Sold (000)	83,301	82,140	79,093	79,539	77,847

Table 2

CITY OF UKIAH ELECTRIC UTILITY
Summary of Revenues and Expenses^①

	Fiscal Year				
	1978/79	1979/80	1980/81	1981/82	1982/83
Operating Revenues:					
Sale of Electrical Energy:					
Residential	\$1,389,835	\$1,475,948	\$1,891,724	\$2,380,005	\$2,050,609
Commercial	1,959,113	1,942,723	2,625,745	3,211,964	3,009,721
Other Sales	181,168	173,683	310,624	377,211	311,921
Other Operating Income	2,788	57,185	139,369	72,015	93,630
Total Operating Income	\$3,532,904	\$3,649,539	\$4,967,462	\$6,041,195	\$5,465,881
Operating Expenses:					
Purchased Energy	\$2,429,325	\$2,748,184	\$3,362,630	\$4,086,354	\$2,941,247
Transmission	82,278	—	—	—	—
Distribution	97,702	193,355	213,839	494,409	522,831
Customer Accounting	107,255	120,195	128,859	144,825	140,722
Administrative and General	211,041	267,033	408,856	373,369	373,385
Total Operating Expenses	\$2,927,601	\$3,328,767	\$4,114,184	\$5,098,957	\$3,978,185
Operating Income	\$ 605,303	\$ 320,772	\$ 853,278	\$ 942,238	\$1,487,696
Non-Operating Income or (Expense) .	179,621	—	—	—	—
Net Income ^②	\$ 784,564	\$ 320,772	\$ 853,278	\$ 942,238	\$1,487,696
Capital Outlay	\$ 388,873	\$ 397,485	\$ 386,007	\$ 554,707	\$ 265,594

① Exclusive of any allowance for depreciation of the Enterprise.

② Before contribution to any other City fund.

Table 3

CITY OF UKIAH ELECTRIC UTILITY
Projected Revenues and Expenses

1,000 Dollars										
Year	Revenues									
	Electric Power		System Revenues	Payments per Western Contract	Interest on Reserve Account	Total Revenues	Expenses			
	Annual MW	GWH					Cost of Purchased Power	Expenses	Total Expenses	Net Revenue Available
1983/84	213	93.7	\$6,090	\$150	\$260	\$6,500	\$3,532	\$1,522	\$5,054	\$1,446
1984/85	223	95.0	6,460	450	260	7,170	3,452	1,615	5,067	2,103
1985/86	232	96.6	6,752	900	260	7,912	3,550	1,690	5,240	2,672
1986/87	241	98.5	7,387	900	260	8,547	4,086	1,773	5,859	2,688
1987/88	250	100.1	7,608	900	260	8,768	4,111	1,852	5,963	2,805

THE PROJECT

Existing Structures

Coyote Dam and Lake Mendocino are located on the East Fork of the Russian River about 3.2 miles northeast of Ukiah, California. The dam was constructed between 1956 and 1958 by the U. S. Army Corps of Engineers to alleviate flood damages along the Russian River, to supplement the area's water supplies and to augment summer low flows in the river for recreation purposes. Although not an original purpose of the project, recreational development at Lake Mendocino has occurred to the point that the lake has become a major warm water recreation area. As authorized by Section 204 of the 1950 Flood Control Act, Coyote Dam was to be constructed in two stages. The 160-foot high dam and 122,500 acre-foot reservoir, as it now exists, constitutes the initial stage. The second stage, to be constructed at some unknown future date, includes raising the dam to a height of 200 feet to increase the reservoir capacity to 199,000 acre-feet. The Corps estimates the annual yield of the initial stage at 65,000 acre-feet and the annual yield of the enlarged project at 113,000 acre-feet.

The outlet works consist of an approach channel, intake tower, conduit, outlet chute and outlet channel. The unlined approach channel is excavated in overburden and extends from the East Fork Russian River to the concrete intake structure. The invert is at elevation 637.0 feet. The intake channel is trapezoidal in section with a 50-foot bottom width. The side slopes are 3 horizontal to 1 vertical. Reinforced concrete cantilever-type intake walls direct flow along a one in six convergence to the entrance of the conduit.

The intake tower, which is constructed of reinforced concrete, is immediately upstream from the dam. It contains trash racks, service gates, emergency gates and stoplog-gate facilities for controlling water flow through the conduit.

The dam and structures are operated and maintained by the U. S. Army Corps of Engineers. The dam has been well maintained and is in good condition as are the spillway and outlet works.

Lake Mendocino and Coyote Dam are used primarily for flood protection and water conservation in the Russian River drainage area. Secondary functions include recreation benefit and fisheries enhancement.

The water flowing down the East Fork Russian River to Lake Mendocino and finally joining the Russian River is vital to the economy of Sonoma County and a good portion of Mendocino County.

Lake Mendocino controls the imported flow from Potter Valley Powerhouse. Controlled releases are made to the Russian River to provide a minimum flow of 125 cubic feet per second at Guerneville. During the winter months, Lake Mendocino is held at a reduced capacity, except during flood periods, to provide flood protection. In the spring the lake is allowed to fill to a higher level. The stored water is then released during the summer months as required for downstream uses. Typically, the U.S. Corps of Engineers controls the reservoir releases during the winter months and the Sonoma County Water Agency controls the releases when the elevation of the lake is within the water conservation pool.

Lake Mendocino Power Project

The Lake Mendocino Power Project is a 3,500 kW hydroelectric power plant which will utilize the 125-foot fall of water developed by the existing Corps of Engineer's Coyote Dam. The power plant Owner, the City of Ukiah, will use the average annual energy produced, 17.7 GWh, within the City owned distribution system. The hydroelectric plant is scheduled to begin commercial operation in mid-1985.

The completed facility will consist of a steel liner installed in the existing outlet conduit; a post

tensioned reinforced concrete "plenum" structure with a 16 x 11 foot Tainter gate, which is located at the downstream end of the existing outlet conduit and is used to turn the water towards the powerhouse; penstocks leading to one 9-foot diameter fixed cone bypass valve and to the powerhouse which contains two turbine-generator units, one 54-inch and one 18-inch bypass valve; a liquid oxygen storage facility and an oxygen distribution system used to maintain the oxygen content of the releases for fish and aquatic life in the East Fork Russian River.

Work to develop the Coyote Dam site for power production for the City began in 1978 with the filing of a Water Rights Application, and the application for a Department of Energy loan in order to study the site's potential. A feasibility study was completed in December 1978, which showed the Project to be technically and economically feasible. In April 1981 the Application for License was submitted to the Federal Energy Regulatory Commission (FERC) for acceptance, and an Initial Study was prepared in compliance with the California Environmental Quality Act (CEQA). The Order Issuing License was granted by FERC for the Project on April 1, 1982 and the Water Rights have been awarded. Since that time, an Amended Agreement between the Western Area Power Administration (WESTERN) and the City of Ukiah for the Electric Service Arrangement for Cogeneration and Renewable Resource Projects has been executed. This Amended Agreement was pursuant to the United States declaring its intent in its 1981 CVP Final Power Marketing Plan to market 30 MW of its increased Central Valley Project customer load level to preference entities which are willing to make available to the U.S. electric energy which has been displaced by generation from cogeneration and renewable resource projects owned by such entities.

A Hydraulic Model Study for the Project was undertaken and successfully completed in September 1982. The Procurement Contract for the Turbines and Generators was awarded to Axel Johnson Engineering Corp. on June 2, 1983, and the Procurement Contract for the 108-inch Valve was awarded to Marubeni America Corp. in July 1983. The Invitation for Bids for the Construction Contract began advertisement on June 2, 1983, and Bids were received August 2, 1983. Onsite construction will begin in October, 1983 and continue for approximately 18 months.

Based upon all bids received to date, and projected costs, the estimated Project Construction Costs are shown on Table 4.

Table 4
LAKE MENDOCINO POWER PROJECT
Estimated Project Construction Costs
August 1983 Price Level

Item	Engineer's Estimate
Mobilization and Demobilization	\$ 360,000
Construction Bypass Water System . .	1,200,000
Steel Liner of Existing Conduit	1,100,000
Plenum Chamber and Tainter Valve .	1,472,327
Penstocks	400,000
Energy Dissipator, 108"Ø Valve, Civil Works	450,000
Powerhouse, incl. 54"Ø Valve, Civil Works	640,000
Channel Extension and Site Work . .	250,000
Oxygen System	60,000
Powerhouse Mechanical Equipment .	250,000
Powerhouse Electrical Equipment . .	490,000
Substation	70,000
Switchgear, Main Switchboard Remote Control and Monitoring System . .	317,000
Installation and Testing of Owner-Furnished Equipment	275,000
Turbine-Generator Procurement	1,620,073
Fixed Cone Valve Procurement	240,000
Construction Energy and Misc.	615,000
LAKE MENDOCINO—	
DIRECT CONSTRUCTION COST	
115 kV Gobbi St. Substation	1,430,000
Engineering and Construction Management	1,810,000
Owner Administration Expenses	200,000
Costs of Issuance	350,000
Subtotal	\$13,600,000
Contingencies	392,500
Subtotal	\$13,992,500
Interest During Construction	
(Based on 11.5% Interest Rate for 21 Months)	3,622,500
Reserve Fund	2,130,000
Subtotal	\$19,745,000
Less: Interest Earnings	1,745,000
Bond Issue Amount	<u>\$18,000,000</u>

CITY OF UKIAH

FINANCIAL DATA

Basis of Taxation

Article XIII A of the State Constitution provides that beginning with the 1978/79 fiscal year, property taxes in the State of California are limited to one percent of cash value, except for taxes to pay debt service on bonds approved by the electorate prior to July 1, 1978, and that cash values must be based on values as of the 1975/76 fiscal year, except in the case of newly-constructed property or property which undergoes a change in ownership which must be valued as of the date of completion of construction or of change in ownership. After the base year, values may be increased by up to two percent per year to reflect inflation.

Prior to the 1981/82 fiscal year, property in California was assessed at 25 percent of full cash value. Accordingly, Article XIII A imposed a maximum tax rate of \$4 per \$100 of assessed valuation, except for taxes to meet debt service on bonds approved by the electorate prior to July 1, 1978.

Beginning with the 1981/82 fiscal year, property is assessed at 100 percent (rather than 25 percent) of cash value and property tax rates are now expressed in terms of their ratio to such cash value.

California law exempts \$7,000 of the assessed valuation of an owner-occupied dwelling but this exemption does not result in any loss of revenue to local agencies since an amount equivalent to the taxes which would have been payable on such exempt values is made up by the State.

Effective with the 1980/81 fiscal year, State law exempts 100 percent of the value of business inventories from taxation, rather than 50 percent as in prior years. The law provides for reimbursements by the State to local agencies based on their share of the revenues derived from the application of the maximum tax rate, with adjustments to reflect increases in population and the consumer price index.

Assessed Valuation

The assessed valuation of the City of Ukiah is established by the Mendocino County Assessor, except for utility property which is assessed by the State Board of Equalization. City taxes are levied and collected at the same time and on the same tax rolls as are county, school and special district taxes.

The following summary presents the City's 1982/83 assessed valuation before and after reimbursable exemptions.

CITY OF UKIAH

1982/83 Assessed Valuation

Roll	
Secured	\$235,178,672
Utility	17,769,160
Unsecured	17,519,101
Total Net A.V.	\$270,466,933
Homeowners' and other exemptions .	15,065,400
Total Revenue valuation	\$285,532,333

Source: Mendocino County Auditor-Controller.

Annual assessed valuations of the City of Ukiah for the most recent five-year period are summarized below, before and after State-reimbursed exemptions. Assessed values for 1978/79 and subsequent fiscal years reflect the provisions of Article XIII A of the California Constitution, which restricts the amount of ad valorem tax to be levied on real property. Due to such factors as new construction, changes in title, and changes in cost of living, the City's net taxable assessed valuation continues to increase.

CITY OF UKIAH

Assessed Valuation^①

Tax Roll	1978/79	1979/80	1980/81	1981/82	1982/83
Secured	\$152,899,736	\$174,607,176	\$204,207,788	\$219,958,684	\$235,178,672
Utility	9,694,200	11,210,960	11,767,640	15,388,204	17,769,160
Unsecured	15,589,640	18,911,080	15,830,832	16,444,404	17,519,101
Total Net Taxable A.V.	\$178,183,576	\$204,729,216	\$231,806,260	\$251,791,292	\$270,466,933
Reimbursable Exemptions	20,871,000	21,903,360	14,959,000	14,819,000	15,065,400
Total Revenue A.V.	\$199,054,576	\$226,632,576	\$246,765,260	\$266,610,292	\$285,532,333

① Based on full cash value, rather than previous 25% of market value.

Tax Rates

Taxes on the secured roll are payable in two installments, on November 1 and February 1, which become delinquent after December 10 and April 10, respectively.

Taxes on the unsecured roll are assessed on March 1, at the then current tax rate but do not become delinquent until the following August 31, which is in the subsequent fiscal year, accordingly, unsecured taxes are levied at the rate applicable to the fiscal year preceding the one in which they are paid.

Prior to Proposition 13, properties in Mendocino County were subject to taxation at varying rates by municipalities, including the City, and numerous special purpose districts. Each entity set its budgeted expenses and then determined, subject to certain

legal limitations, the property tax rate to be levied in order to raise sufficient funds. Under provisions of Article XIII A (Proposition 13), the county now levies, collects and apportions the 1% tax for general governmental purposes, plus such additional amounts as are necessary to cover certain outstanding indebtedness approved by the voters prior to July 1, 1978. Each municipal entity must now limit its appropriations to its available revenues.

There are 80 Tax Rate Areas in the City for 1982/83. Largest tax area in terms of assessed valuation is Tax Rate Area 154.093. The following summary presents all tax rate components in TRA for the past five years. Prior to 1981/82 tax rates are based on assessments at 25 percent of full value, rather than the present 100 percent.

Tax Rate Area 154.093

All Tax Rates

	1978/79	1979/80	1980/81	1981/82	1982/83
Countywide Tax	\$4.000	\$4.00	\$4.00	\$1.000	\$1.000
Ukiah Unified Bldg. Loan .....	.230	.20	.20	.045	.049
Ukiah Unified Bond .....	.060	.05	.07	.027	.021
Ukiah Lease Purchase .....	.490	.49	.49	.110	.110
Supt. of Schools Bldg. Loan	—	.01	.02	.001	.003
MCRRFC and WCID BIR .....	.030	.04	.03	.003	.002
Ukiah Valley San. BIR .....	.100	.09	.08	—	.026
Total	\$4.780	\$4.75	\$4.78	\$1.183	\$1.183

Source: County Auditor-Controller.

Tax Levies and Delinquencies

A history of collections since 1978/79 of the Mendocino County general tax levies with delinquencies for the period are shown in the tabulation below, as reported annually by the County Auditor.

COUNTY OF MENDOCINO

Secured Tax Levies and Delinquencies

Fiscal Year	Secured Tax Levy	Amount Delinquent June 30	Percent Delinquent June 30
1974/75	\$7,689,875	\$347,009	4.51%
1975/76	7,547,991	453,214	6.00
1976/77	8,390,678	390,136	4.65
1977/78	8,136,281	397,631	4.89
1978/79	4,291,049 ^①	213,416	4.97
1979/80	5,603,532	359,286	6.41
1980/81	6,538,595	426,831	6.53
1981/82	7,294,985	592,026	8.12
1982/83	8,003,467	655,556	8.20

^① First year of reduced tax levies mandated by Article XIII A of the State of Constitution.

Table 5

CITY OF UKIAH

Revenues and Expenses^①

	Fiscal Year				
	1978/79	1979/80	1980/81	1981/82	1982/83
Revenues:					
Property Taxes	\$ 166,196	\$ 257,311	\$ 298,172	\$ 314,716	\$ 355,543
Other Taxes	1,510,977	1,966,909	1,638,647	1,727,338	1,688,903
Licenses and Permits	37,267	37,413	44,000	23,302	31,784
Fines and Penalties	64,596	70,827	99,567	98,087	55,998
Use of Money and Property	158,728	228,100	289,747	261,602	346,304
From Other Agencies	677,371	659,855	775,398	714,140	784,633
Service Charges	488,446	330,518	382,675	485,839	483,591
From City-Owned Enterprises	300,000	300,000	304,000	275,950	303,000
Other	14,312	—	14,182	144,606	18,455
Total Revenues	\$3,417,893	\$3,850,933	\$3,846,388	\$4,045,580	\$4,063,211
Expenditures:					
General Government	\$ 393,853	\$ 521,794	\$ 405,599	\$ 213,599	\$ 458,841
Public Safety	1,336,716	1,589,136	1,840,087	1,913,376	2,131,785
Public Works	512,330	750,957	565,162	1,290,863	835,363
Parks and Recreation	261,863	303,984	350,038	370,692	429,782
Capital Outlay	566,897	86,304	293,698	128,146	143,757
Contributions to Municipal Enterprises .	4,803	77,817	8,471	84,217	79,870
Total Expenditures	\$3,076,462	\$3,829,992	\$3,463,055	\$4,000,817	\$4,079,398

^① As reported to the State Controller. Excludes City enterprise operations.

CITY OF UKIAH**Statement of Direct and Overlapping Bonded Debt**

Assessed Valuation	\$285,532,333
Population	12,750

	Debt Applicable September 7, 1983	
	Percentage	Amount
Mendocino County Public Facilities Corporation	13.814%	\$ 212,044
Russian River Flood Control & Water Conservation District	45.005	110,262
Ukiah Unified School District	33.086	603,819
Ukiah Unified School District Authority	35.408	3,337,204
City of Ukiah-Redwood Empire Certificates of Participation	100.	561,700*
City of Ukiah Parking District #1	100.	30,000
Willow County Water District	6.350	889
Millview County Water District	0.094	141
Ukiah Valley Sanitation District	40.174	84,365
TOTAL GROSS DIRECT AND OVERLAPPING BONDED DEBT ...		\$4,940,424
Less: Willow County Water (100% self-supporting)		889
Ukiah Parking District #1		30,000
TOTAL NET DIRECT AND OVERLAPPING BONDED DEBT		\$4,909,535

	Percentage of Assessed Valuation	Per Capita
Assessed Valuation	—	\$22,394
Gross Direct and Overlapping Bonded Debt	1.73%	387
Net Direct and Overlapping Bonded Debt	1.72%	385
Direct Debt	0.20%	44

① State Department of Finance estimate.

② Excludes electric revenue bonds to be sold.

THE CITY

The City of Ukiah is located on U.S. Highway 101 in the southeastern part of Mendocino County, about 120 miles north of San Francisco. It is the largest city between Santa Rosa and Eureka, and the seat of Mendocino County.

Ukiah serves a trading area estimated at 80,000 persons, including most of Mendocino County, Lake County, the southern portion of Humboldt County and the northern portion of Sonoma County. The local economy is based on forest products, light specialty manufacturing, tourism, and agriculture. Grape production and wine-making are of increasing importance in the economic structure.

Municipal Government

Ukiah was incorporated March 8, 1876 as a general law city. The council-manager form of government provides for five council members, including a mayor, a mayor pro tem, and a city manager appointed by the council.

Public safety functions are performed by the police department and the fire department. Other municipal services include water, sewerage, parks and recreation, and the distribution of electric power. The City operates an airport, a golf course, and a municipal swimming pool.

A comprehensive downtown revitalization program calls for the placing of all utility distribution systems underground.

Population

At January 1, 1983 the City's population was 12,750, as estimated by the State Department of Finance. Until 1970, the City's population growth rate exceeded that of Mendocino County. Although Ukiah gained over 1,900 new residents between 1970 and 1980, its rate of growth for the decade did not match that of the county, as shown in the following tabulation.

POPULATION DATA—U.S. CENSUS

Census Year	City of Ukiah	Percent Change	County of Mendocino	Percent Change
1940	3,731	—	27,864	—
1950	6,120	64.0%	40,854	46.6%
1960	9,900	61.8	51,059	25.0
1970	10,095	2.0	51,101	0.1
1980	12,035	19.2	66,738	30.6

Housing

The 1980 Census reported 4,875 housing units in Ukiah, approximately 38 percent more than in 1970. This rate of increase is nearly double the population growth during the same period.

In 1979, single family homes comprised 62 percent of the City's total housing stock, based on a study by the State Department of Finance. Multiple housing units accounted for approximately 30 percent of all units, and the balance were mobile homes.

An accompanying tabulation shows changes in the City's housing stock during the 1970-79 period.

CITY OF UKIAH

Changes in Housing Stock, 1970-79

Type of Housing	1970	1979	Percent Change
Single units	2,938	3,000	2.1%
2-4 units	201	675	235.8
5 or more units	256	745	191.0
Mobile homes	144	401	178.5
Total	3,539	4,821	36.2

Source: State Department of Finance.

Employment

Current employment data are not available for the City alone. The State Department of Employ-

ment Development terms the entire county a labor market for reporting purposes.

For the year 1982 the Mendocino County labor force totaled 31,950, total civilian employment was 27,075, and the rate of unemployment 15.2 percent. According to state labor analysts, the jobless rate will crest around 15.8 percent in 1983 before dropping to 14.6 percent in 1984, slightly lower than the 1982 rate. Their studies indicate that manufacturing will lead job increases in 1983 and 1984, capturing about 40 percent of the new jobs. This improvement will be centered in the lumber and wood products industry, which should benefit from the projected nationwide revival of residential construction.

In 1982, manufacturing temporarily lost its position as the principal source of wage and salary jobs in the county, giving way to services. Next in importance were government and retail trade. Table 6 summarizes wage and salary employment by years for the 1980-84 period.

Table 6

MENDOCINO COUNTY

Labor Force, Employment, and Unemployment

Annual Averages

	Actual			Forecast	
	1980	1981	1982	1983	1984
Labor force①	30,525	31,200	31,950	32,750	32,825
Employment①	27,350	27,500	27,025	27,575	28,025
Unemployment	3,175	3,700	4,825	5,175	4,800
Unemployment rate, %	10.4	11.8	15.2	15.8	14.6
Wage and Salary Employment: ②					
Construction and mining	725	625	575	625	675
Manufacturing	5,025	4,825	4,575	4,875	5,050
Transportation, utilities	1,100	1,125	1,025	1,025	1,050
Wholesale trade	625	600	625	650	675
Retail trade	4,400	4,400	4,225	4,350	4,450
Financial, insurance, real estate	775	800	800	825	825
Services	4,400	4,525	4,625	4,750	4,850
Government	4,800	4,700	4,275	4,275	4,325
Agriculture	1,550	1,650	1,650	1,625	1,650
Total	23,400	23,325	22,375	23,000	23,550

① By place of residence.

② By place of work.

Source: State Employment Development Department.

Mendocino County's manufacturing activities became more diversified during the seventies. By 1981, 39 percent of all manufacturing jobs were outside of lumber and wood products. Non-electrical machinery production and food processing, including wine-making, are examples of new industrial orientation in the County. Largest manufacturing employers in the County are Masonite Corporation, Georgia-Pacific Corporation, Louisiana-Pacific Corporation, and Harwood Products. All are producers of building products, including hardboard and particleboard.

The services industry has shown strong gains in recent years, more than doubling since 1972. Health services have accounted for most of the job gains in this industry.

In the City of Ukiah, the principal employers are in manufacturing, government, and services. As the county seat, Ukiah is the center of many county, state, and federal activities. The City's major employers are listed below.

PRINCIPAL EMPLOYERS IN UKIAH AND VICINITY

Employer	Product/Service	Employees
Masonite Corp.	Hardboard	400
County of Mendocino	Government	800
Ukiah Unified School District	Education	530
Louisiana-Pacific Corp.	Millwork, particleboard	350
Pacific Telephone Co.	Utility	250
Ukiah General Hospital	Medical care	200
Ukiah Adventist Hospital	Medical care	180
Safeway Stores	Retail stores	150
Bank of America	Banking services	125
City of Ukiah	Government	125
Savings Bank of Mendocino County	Banking services	120
Hacienda Convalescent Hospital	Hospital care	110
Ukiah Daily Journal	Publishing	95
Retech, Inc.	Vacuum furnaces, flanges	100
Carousel Carpet Mills	Carpet manufacturing	90
Parducci Wine Cellars	Winery	45- 85*
Weibel Champagne Vineyards	Winery	28- 80*
Fetzer Vineyards	Winery	45-120*
J.C. Penney Co.	Retail sales	85
Mendo Mill & Lumber Co.	Home products	47
Ukiah Valley Nursing Home	Convalescent home	57
Mrs. Dennison's Cookie Co.	Bakery	40

*Seasonal.

Source: Ukiah Chamber of Commerce.

Table 7**MENDOCINO COUNTY****Gross Value of Agricultural Products**

Crop	1977	1978	1979	1980	1981
Grapes, wine	\$ 8,750,000	\$11,700,000	\$15,175,000	\$16,500,000	\$18,758,000
Pears, Bartlett	4,696,000	6,865,000	10,220,000	8,658,000	8,638,500
Miscellaneous fruit and nuts	235,000	100,000	1,050,000	1,075,000	1,781,650
Cattle and calves	2,652,000	6,500,000	7,600,000	5,903,500	6,658,500
Sheep and lambs	950,000	1,700,000	1,900,000	588,000	591,000
Miscellaneous Livestock and Poultry ...	200,000	85,000	100,000	125,000	447,500
Livestock and Poultry Products	1,960,000	1,400,000	1,525,000	1,600,000	1,931,150
Field crops	5,300,000	6,800,000	7,250,000	7,500,000	7,720,000
Miscellaneous vegetables	169,000	135,000	250,000	250,000	480,500
Apiary and products	24,000	30,000	40,000	42,000	①
Nursery stock	749,000	875,000	1,000,000	1,250,000	920,500
Totals	<u>\$25,685,000</u>	<u>\$36,190,000</u>	<u>\$46,110,000</u>	<u>\$43,491,500</u>	<u>\$47,927,300</u>

① Included in Livestock and Poultry Products.

Source: County Department of Agriculture.

Agriculture

Wine grapes, pears, and cattle and calves are the most important agricultural commodities in Mendocino County. As already noted, the production of fine wines is a rapidly growing industry in the Ukiah area. Table 7 presents the most recent available agricultural production values for the county.

Industry

In 1980 the city annexed 155 acres east of the municipal airport for which plans are progressing for the developing of the acreage as Ukiah Airport Industrial Park. The property is bordered on the east by U.S. 101 and on the west by the Northwestern Pacific Railroad.

Construction

For the six years ended in 1982, the City of Ukiah issued building permits valued at \$33.8 million, about evenly divided between residential and nonresidential valuation.

Residential permits during this period covered 608 new housing units. Approximately three-fourths of these units were for multi-family occupancy. Table 8 presents a summary of building permit activity by individual years.

In the first six months of 1983, the City issued building permits valued at \$4,753,175. This total is about 76 percent greater than the dollar volume for all of 1982, and more than double the 1981 annual total.

Table 8
CITY OF UKIAH
Building Permit Valuation (\$000)

	1977	1978	1979	1980	1981	1982
Residential	\$2,851	\$ 6,320	\$1,999	\$3,874	\$ 673	\$1,478
Nonresidential	2,306	6,097	3,036	2,599	1,369	1,219
Total Value	\$5,157	\$12,417	\$5,035	\$6,473	\$2,042	\$2,697
Number of New Housing Units:						
Single	20	22	18	80	7	6
Multiple	69	246	22	64	4	50
Total Units	89	268	40	144	11	56

Source: Security Pacific Bank and Building Department, City of Ukiah.

Commerce

Taxable sales in the City exceeded \$100 million annually for each of the past five years. Since 1977, 88 new outlets have opened for business in the City. Table 9 shows taxable transactions and number of outlets for the past six years.

Table 9
CITY OF UKIAH
Taxable Transactions (\$000)

Year	Retail Outlets		All Outlets	
	Permits	Transactions	Permits	Transactions
1977	239	\$ 71,974	489	\$ 82,384
1978	241	88,055	511	100,101
1979	258	103,924	535	120,998
1980	257	109,054	548	127,474
1981	263	112,379	567	133,286
1982	273	104,960	577	127,187

Source: State Board of Equalization.

Transportation

U.S. Highway 101 traverses the City, linking Ukiah with San Francisco to the south and coastal cities to the north. Six miles north of Ukiah, State Highway 20 intersects U.S. 101, leading east to Interstate 5 and west to Fort Bragg. State Highway 253 runs southwest to a connection with State Highway 128 at Boonville, providing access to coastal areas.

Rail service through the County is provided by Northwestern Pacific Railroad Company (Southern Pacific) which has freight offices at Ukiah and Willits. This line runs from San Rafael, Marin County to Eureka, Humboldt County.

Due to severe storm damage to roadbeds between Redwood Valley and Willits in early 1983, Southern Pacific intends to petition the ICC, effective September 1, 1983, to abandon the Northwestern Pacific

line, although service has been resumed. As of this writing, SP states that service between San Rafael and Ukiah will be maintained, even if the above petition is approved by the ICC.

Ukiah Municipal Airport has a 5,000-foot runway equipped with REIL, VASI, localizer and a VOR approach. Airport operations include charter service, plane rentals, and agricultural services. There is a Flight Service Station at the field. Santa Rosa Airport is 60 miles south.

Greyhound Bus Lines schedules five trips daily to San Francisco and Eureka, providing passenger and freight service. Six major motor truck lines and United Parcel Service offer additional highway freight transportation.

Education

The Ukiah Unified School District provides public educational services through high school in the City and surrounding areas. Within city limits are five elementary schools, a middle school, a senior high school, an adult school, a continuation high school, and a school for the emotionally handicapped. Enrollment in the Ukiah Unified School District for recent years is shown below, as reported by the district:

Year	Elementary	Secondary	Total
1980/81	3,523	1,601	5,124
1981/82	3,596	1,632	5,228
1982/83	3,604	1,767	5,371

Three parochial elementary schools and two private elementary schools supplement the public school system in Ukiah.

Mendocino College, located in Ukiah, is administered by the Mendocino-Lake Community College District. This two year institution offers vocational courses and an academic curriculum which qualifies the student for third-year transfer to a degree institution. Total enrollment in 1981/82 was 4,356, including 491 full-time students.

Sonoma State University (enrollment 5,423) is located about 65 miles south of Ukiah on US 101.

Community Facilities and Recreation

Three general hospitals in the City have a combined capacity of 124 beds. There are ten convalescent hospitals and four physical therapy clinics. More than 60 physicians/surgeons practice in the community.

The Ukiah Daily Journal provides local news coverage. Three radio stations and a cable TV system serve the City. A branch library of the Mendocino County Library System is located in Ukiah.

Statewide banking services are available at local offices of Bank of America, Crocker National Bank, and Wells Fargo Bank. Three local or regional banks also maintain offices in Ukiah. Four savings and loan associations have offices in the City.

The City maintains seven parks and recreation areas, a municipal club house, an 18-hole golf course, a municipal swimming pool, and two baseball parks.

Twelfth District Fairgrounds in Ukiah is the scene of special events throughout the year. The grounds contain a rodeo facility.

Mendocino College sponsors various cultural activities supplementing the work of local art groups involved in theater, dance, and classical music. The Ukiah Playhouse serves as a performing arts center. The first stage of development, recently completed, is a theater seating 150 people.

In the planning stage is the Sun House Cultural Center, a multi-purpose cultural arts facility in Ukiah centered upon the work of famed western painter Grace Carpenter Hudson, a life-long County resident, and her husband, John Hudson, an ethnographer who collected artifacts of the indigenous Pomo Indian culture. These artifacts are now displayed in Washington's Smithsonian Institution and Chicago's Field Museum, as well as in their home, the Sun House. The home is maintained as a museum and as a memorial to the Hudsons and their work. The envisioned Center will be built adjacent to the Sun House.

Utilities

Natural gas and telephone service are supplied by Pacific Gas and Electric Company and Pacific Telephone Company. The City of Ukiah distributes electric power and provides water and sewer service.

ECONOMY OF MENDOCINO COUNTY

Mendocino County is located on the Pacific shoreline approximately 100 miles north of San Francisco. Covering 3,510 square miles, Mendocino is surrounded by Humboldt, Trinity, Tehama, Glenn, Lake, and Sonoma Counties (clockwise from the north). Punctuated by sharp cliffs, lands along the coast rise to about 3,000 feet in the Coast Range. Large inland valleys contain most of the County's population and its principal transportation corridor. In the eastern sector, County lands rise again north and south of Lake Mendocino to a height of 7,000 feet.

The County possesses extensive commercial forests, a number of fisheries, and rich agricultural lands which undergird the regional economy. Mendocino is the second largest timber producing county in California. Mendocino table wines rank with those of Napa County and Sonoma County, to the south. The County is having considerable success in diversifying its industrial economy, in order to mitigate cyclical effects of the lumber and wood products industry. Employment data discloses steadily increasing percentages of industrial workers in other than forest products.

The climate is moderate and comfortable throughout the year. On the coast, average annual temperatures range from 47 degrees to 63.5 degrees. Precipitation is 49 inches annually. In the inland valleys, average annual temperatures are 46.1-73.5 degrees, with annual rainfall of 46 inches.

Population

The population of Mendocino County at July 1, 1982 was 69,900 according to an estimate by the State Department of Finance. This total is 4.7 percent greater than the April 1, 1980 U.S. Census count. Mendocino ranks among the fastest growing north coast counties. Between 1950 and 1980 its population increased over 63 percent, with the greatest growth rates occurring in the City of Ukiah and in unincorporated areas.

The State Department of Finance projects a July 1, 1985 County population of 77,700 and 87,000 at July 1, 1990. The following tabulation shows city and county population data for recent census periods.

MENDOCINO COUNTY

Population Data—U.S. Census

City	1950	1960	1970	1980
Ukiah	6,120	9,900	10,095	12,035
Fort Bragg	3,826	4,433	4,455	5,019
Willits	2,691	3,410	3,091	4,008
Point Arena	372	596	424	425
Unincorporated	27,845	32,720	33,036	45,251
Total County	40,854	51,059	51,101	66,738

Source: U.S. Bureau of the Census.

County Government

One of California's original 27 counties established in 1950, Mendocino is a general law county governed by a five-member Board of Supervisors elected by district. The County Administrator is appointed by the Board. In addition to the Supervisors, there are seven elected officials.

The City of Ukiah, county seat, and the City of Willits are located in the inland valley along US 101 and the main line of Northwestern Pacific Railroad. Other cities are Fort Bragg and Point Arena, on the coast. Approximately 68 percent of all County residents live in unincorporated areas.

Housing

The 1980 U.S. Census reported 28,998 housing units in Mendocino County, an increase of 53.3 percent over 1970. This compares with a population increase of 30.6 percent during the same interval.

Owner occupied homes (median value \$70,200) accounted for over 55 percent of all housing units in April 1980. Median contract rent for renter-occupied units was \$209.

Personal Income

The 1982 Survey of Buying Power (Sales Management) estimates county effective buying income

at \$544.8 million and median household EBI at \$17,933 (1981 income year). Thirty percent of all Mendocino County households realize annual effective buying incomes in excess of \$25,000, according to this source.

Per capita personal income in Mendocino County for 1980 was \$8,726, as reported by the U.S. Department of Commerce. This was approximately 7 percent greater than the previous year.

Economic Development Program

In March 1981 the "Mendocino County Overall Economic Development Program" was published. This report is a cooperative effort of business people, community interest, and public agency representatives throughout the county. Its purpose is to identify opportunities for economic expansion, diversification of industry, and increased employment. Project consultants are Alta California Associates, Ukiah.

On August 18, 1981 the Board of Supervisors created the Mendocino County Industrial Development Authority, a body empowered to determine the amount of bonds issued for certain development projects for State approval for tax exempt status. The Board of Supervisors serves as the governing board of this Authority.

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